

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

**TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

1. TRANSMITTAL NUMBER:

02-08

2. STATE

NC

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 02 (\$151,662)

b. FFY 03 (\$604,804)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, Addendum ICF-MR, Page 10

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-D, Addendum ICF-MR, Page 10

10. SUBJECT OF AMENDMENT:

ICF-MR Services

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Not Required

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Carmen Hooker Odom

13. TYPED NAME:

Carmen Hooker Odom

14. TITLE:

Secretary

15. DATE SUBMITTED:

July 8, 2002

16. RETURN TO:

Office of the Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

17. DATE RECEIVED

7/31/02

FOR REGIONAL OFFICE USE ONLY

18. DATE APPROVED

8/7/02

19. EFFECTIVE DATE OF APPROVED MATERIAL

7/1/02

PLAN APPROVED - ONE COPY RETURNED

21. TYPED NAME

CHARLENE BROWN

20. SIGNATURE OF REGIONAL OFFICIAL

Charles Brown

22. TITLE

Deputy Director, CHSO

23. REMARKS

all facilities, by total bed days for the industry. Therefore, the per diem cost at the fiftieth percentile represents that the cost of service of fifty percent of the bed days is rendered at or below this cost level.

- (h) The indirect rate shall not be subject to cost settlement.
 - (1) Costs above the indirect rates shall not be paid to the provider.
 - (2) Costs savings below the indirect rate shall not be recouped from the provider.
- (i) The direct care rate shall be subject to cost settlement, based on the cost report, subject to audit, filed with the Division of Medical Assistance.
 - (1) Cost above the direct rate shall not be paid to the provider.
 - (2) Cost savings below the direct rate shall be recouped from the provider.
- (j) Facilities with rates established during a rate appeal proceeding with the Division of Medical Assistance during fiscal years 1994 or 1995 may choose to cost settle under the provisions of Paragraphs (h) and (i) of this Section, or under the following procedure:
 - (1) If, during a cost reporting period, total allowable costs are less than total prospective payments, then a provider may retain one-half of said difference, up to an amount of five dollars (\$5.00) per patient day. The balance of unexpended payments shall be refunded to the Division of Medical Assistance. Costs in excess of a facility's total prospective payment rate are not reimbursable.
 - (2) The facilities subject to the Paragraph shall make the election on cost settlement methodology on or before the filing of the annual cost report with the Division of Medical Assistance.
 - (3) An election to follow the cost settlement procedures of Paragraph (h) and (i) of this Section shall be irrevocable.
 - (4) Rates established for these facilities during future rate appeal proceedings shall be subject to the cost settlement procedures of Paragraphs (h) and (i) of this Section.
- (k) To compute each facility's current prospective rate, the direct and indirect rates established by Paragraphs (f) and (g) of this Section shall be adjusted for price level changes since the base year. No inflation factor for any provider shall exceed the maximum amount permitted for that provider by federal or state law and regulations. Notwithstanding any other provision, if specified these rates will be adjusted as shown on Supplement 1 to the 4.19-D section of the state plan.
 - (1) Price level adjustment factors are computed using aggregate costs in the following manners:
 - (A) Costs shall be separated into three groups:
 - (i) Labor,
 - (ii) Non-Labor,
 - (iii) Fixed.
 - (B) The relative weight of each cost group is calculated to the second decimal point by dividing the total costs of each group (labor, nonlabor, and fixed) by the total cost of the three categories.
 - (C) Price level adjustment factors for each cost group shall be established as follows:

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

Payment for ICF/MR Services:

FY 2003 – No adjustment

TN. No. 02-08
Supersedes
TN. No. 95-03

Approval Date MAR - 7 2003

Eff. Date 07/01/02